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## CENTRAL INTELLIGENCE AGENCY

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SECURITY INFORMATION

50X1-HUM

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1. At the end of 1951 the state of the East German railroads was so bad that the Russians intervened and compelled the East German Government to appoint their man, Richard Stainer, deputy chief of the railroad administration. Simultaneously the Russians insisted that the railroads be designated a "Schwerpunkt" (key enterprise) organization, which means that today they enjoy priority in personnel and material procurement over all other East German undertakings except other "Schwerpunkt" concerns.
2. The highest officials of the railroads wear blue Russian uniforms with Russian shoulderboards and have been given military ranks to be assumed in the event of war. These officials are:

a. Director-general Erwin Kramer.

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b. Richard Stainer, deputy director-general; [REDACTED]

c. Hetz, economic director; [REDACTED]

d. Haas, head of the material supply department [REDACTED]

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3. Before Staimer's appointment as deputy director-general, the railroads suffered from a constant shortage of funds and had the greatest difficulty in obtaining their requirements through the official DDR procurement agencies. Today the situation has changed entirely. The railroads have ample funds and considerable amounts of DDR dollar exports (particularly sugar and pit props) at their disposal. (However, when recently the railroads were promised very considerable quantities of ammonium sulphate, the Russians intervened, explaining that deliveries of this chemical to the West were forbidden.)
4. The railroads no longer obtain their requirements through DIA, Meletex, or the China Export Corporation, since the officials of these agencies are regarded as corrupt and unreliable. On the other hand, for the moment they have no procurement organization of their own and no facilities to receive selling agents. However, they are dealing directly with potential Western suppliers. Recently a Western consignor of goods, bought in Hungary for the railroads, had considerable difficulty in effecting the delivery of these goods, since Derutra refused to forward the items from the Czechoslovak DDR frontier to Berlin. The reason subsequently given was that the accounts of freights passing over the DDR railroads are now kept in gold rubles. Finally the Western consignor was obliged to pay the freight himself in U.S. dollars and was subsequently reimbursed by the DDR railroads in Swiss francs.

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